



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JAN 14 1983

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Internal Control Guidelines

Attached are guidelines for implementing the Federal Managers Financial Integrity Act, which was signed by the President last September. The act places important new requirements on all department and agency heads to improve internal management practices and reduce waste, fraud and abuse. Specifically, the act requires that all department and agency heads:

- Ensure that their internal accounting and administrative controls are established in accordance with standards prescribed by the Comptroller General.
- Conduct evaluations to assess the vulnerability of their organizations and systems to waste, fraud and abuse--and to take corrective action.
- Submit an annual report to the President and the Congress on how the systems are working.

These guidelines are issued pursuant to the act, and build upon requirements set forth in Circular A-123, "Internal Control Systems." They were developed in consultation with the Comptroller General and representatives of executive departments and agencies. As required by the act, they are intended to assist you in assuring that your systems provide reasonable assurance that:

- Obligations and costs are in accordance with applicable law.
- Funds, property, and other assets are safeguarded.
- Revenues and expenditures are properly recorded and accounted for.

We all know that tight internal control systems are our best bet for preventing waste, fraud and abuse. They are also a very important step in achieving the President's goal of a modern, efficient government--the goal of Reform '88. Please provide your full backing to implementing the Federal Managers Financial Integrity Act, and applying the new guidelines.

Thank you.

A handwritten signature in dark ink, appearing to read "Joe Wright".

Joseph R. Wright, Jr.
Deputy Director